

The Chronicle of Higher Education

January 9, 2009

Colleges See Slowest Growth in State Aid in 5 Years

[By ERIC KELDERMAN](#)

State-tax support for higher education increased by less than 1 percent in the 2008-9 budget year, to \$78.5-billion, according to an annual report released today by the Center for the Study of Education Policy, at Illinois State University. This was the first time in five years that state aid for higher education grew more slowly than it had the year before.

What's more, many states are considering midyear budget cuts that would reduce money for colleges this year, even as legislators begin to draft budgets for next year. Over all, states could face budget gaps that total as much as \$200-billion in the current fiscal year and the next one, the National Governors Association said in December.

For most states, the budget year begins on July 1.

It is common for states to change their appropriations during the course of the fiscal year to balance their budgets, but the situation is especially uncertain this year because of the revenue shortfalls that nearly every state is experiencing, said James C. Palmer, who directs the national survey at the Illinois State education-policy center.

The shifting budget numbers make state-by-state comparisons of higher-education spending more difficult this year than in previous years of the survey, Mr. Palmer said. Some states provided figures that do not include amounts that colleges had received but have been ordered to hold in reserve or give back, he said.

A total of 14 states reported declines in the tax dollars they provided to higher education for the 2008-9 budget year, according to the Illinois State survey, known as the Grapevine Project. South Carolina made the biggest cut, a reduction of 17.7 percent from the previous year.

Wyoming provided the largest increase, giving higher education 10.9 percent more this year than in 2007-8. Hawaii was the only other state that raised support for higher education by more than 10 percent. Eleven states either increased higher education appropriations by less than 2 percent or reported no change in support, the survey found.

The grim news about state budgets comes just one year after state funds for colleges jumped by 7.5 percent nationally, the largest annual increase since 1985. Last year 15 states raised spending on higher education by double-digit percentages from the year before, and only one state, Rhode Island, made a cut, reducing money for colleges by 1.2 percent.

Nationally, state appropriations for higher education have actually declined only three times since 1992, most recently in the 2004 fiscal year, when spending was down by 2.1 percent.

The Grapevine Project figures represent only state-tax appropriations for the general operation of higher education, not total spending. They omit nontax sources of revenue, like lottery income, and exclude state-tax revenue earmarked for capital expenditures and debt service.